PROMISSORY NOTE
(1601 Yesler Acquisition Loan)

$5,800,000.00 Seattle, Washington
October ___, 2021

1) Promise to Pay. For value received, **1601 YESLER LLC**, a Washington limited liability company (hereinafter referred to, together with all other persons who shall assume or become liable on this Note, as "Borrower"), promises to pay in lawful money of the United States of America, to the order of **THE CITY OF SEATTLE**, a Washington municipal corporation ("Lender"), at 700 Fifth Avenue, Suite 5700, Post Office Box 94725, Seattle, Washington 98124-4725, or such other place as the holder of this Note may designate in writing from time to time, the principal sum of **FIVE MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS ($5,800,000.00)**, or so much thereof as may be advanced hereunder, with interest and premium, if any, as set forth below. Borrower agrees that a schedule of the dates and amounts of advances and repayments on this Note certified by an officer of Lender shall be conclusive evidence for all purposes of such dates and amounts in the absence of clear evidence to the contrary. All amounts payable hereunder shall be paid without any set-off or deduction of any nature.

2) Loan Agreement. This Note is made pursuant to the terms and conditions of a Loan Agreement between Lender and Borrower dated on or about the date hereof (the "Loan Agreement"). Capitalized terms not defined herein shall have the meanings set forth in the Loan Agreement unless the context otherwise clearly requires. This Note, the Loan Agreement, the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith securing this Note ("Deed of Trust") and the Regulatory Agreement dated on or about the date hereof ("Regulatory Agreement"), are included in the definition of "Loan Documents" in the Loan Agreement. Disbursement of the funds evidenced by this Note is to be made subject to the terms and conditions of the Loan Agreement.

3) Maturity of Acquisition Loan.

(a) Acquisition Loan. The entire principal amount of this Note, plus all interest accrued thereon, is due and payable on October ___, 2071 (the "Maturity Date").

(b) Due on Sale, Transfer or Other Events. At the sole option of the holder of this Note, all amounts owing hereunder shall become due and payable upon (i) sale or other transfer of all or any portion of the property securing this Note and otherwise described in the Deed of Trust (the "Property"), including without limitation any transfer of development rights, prior to the Maturity Date, other than as may be permitted by Lender pursuant to the Loan Documents, (ii) use of any of the Property other than as Low-Income Housing, except as expressly authorized in the Regulatory Agreement, or (iii) the date upon which the entire principal balance of any other loan made by Lender and secured by the Property shall become due.

4) Ordinary Interest; Interest on Delinquent Amounts. Interest at the rate of one percent (1%) simple interest per annum ("Ordinary Interest") shall accrue from the date hereof and will be computed on the outstanding principal balance as it exists from time to time. Any amounts past due hereunder, including accrued Ordinary Interest and premium (if any) shall bear interest at twelve percent (12%) per annum or the highest rate permitted by applicable law, whichever shall be less.

5) Payment of Outstanding Ordinary Interest at Maturity; Contingent Interest.

(a) Payment of Ordinary Interest. Borrower agrees to pay any outstanding Ordinary Interest at the earlier of the Maturity Date or any other date when the principal shall become due under the terms of this Note or the Loan Documents.

(b) Contingent Interest Payable on Maturity, Acceleration, or Prepayment in Full.

In addition to the principal (and premium, if any) of this Note, and subject to subsection (c) of this Section 5, Borrower agrees to pay Contingent Interest, payable upon the earliest of any date on which (i) the entire outstanding principal amount of this Note shall become due in accordance with the terms of the Loan Documents, or (ii) the principal shall be paid in full (such earliest date is the "Contingent Interest Payable Date"). Contingent Interest shall be payable only to the extent it exceeds the unpaid Ordinary Interest owing on this Note on the Contingent Interest Payable Date plus the cumulative amount of Ordinary Interest actually paid on this Note. Borrower's obligation to pay Contingent Interest is subject to the limit set forth in subsection (c) of this Section 5.

(1) "Contingent Interest" on this Note is defined as the product of the "Net Proceeds" as defined below, multiplied by the following fraction:

Numerator: The maximum principal amount at any time outstanding on this Note.

Denominator: The sum of:

(A) the numerator; plus

(B) the principal amount of the loan from Washington State Housing Finance Commission, a public body corporate and politic and instrumentality of the State of Washington that is used for the Project, not to exceed Four Million One Hundred Twenty Thousand Dollars ($4,120,000.00); plus

(C) the principal amount of the loan from Washington State Department of Commerce, a department of the State of Washington that is used for the Project, not to exceed Three Million Eight Hundred Eighty Thousand Dollars ($3,880,000.00); plus

(D) any other permanent financing, which financing is approved by Lender, hereafter obtained for the development of the Property, but not including any financing used to repay any amounts included in the denominator;

provided, that if the holder of this Note shall authorize the reconveyance of any portion of the Property from the lien of the Deed of Trust securing this Note, without acceleration of the Loan, then the amounts referred to in clauses (B) through (D) above shall be included in the denominator only to the extent that they shall have been expended for costs of the Project attributable to the portion of the Property still subject to the Deed of Trust, as demonstrated by Borrower to the satisfaction of Lender and shown in a computation approved in writing by Lender. Contingent Interest shall be computed based upon the actual amounts invested in the Project from the fund sources referred to above. Borrower agrees that Lender may provide Borrower with written notice of Lender's calculation of the fraction described above and that, unless Borrower gives written notice to Lender of requested adjustments to such calculation, with supporting documentation, within thirty (30) days after Borrower's receipt of such notice, Lender's calculation shall be final and binding, unless Lender shall subsequently approve another loan or grant for capital purposes includible in the denominator above, in which case Lender may provide a revised notice which will become final and binding unless Borrower shall respond within thirty (30) days as stated above. If Borrower does provide notice of requested adjustments to Lender's calculation then Borrower agrees to cooperate and consult with Lender to determine the correct calculation and to execute such document as Lender shall reasonably request evidencing the parties' concurrence as to the calculation.

(2) "Net Proceeds" is defined as follows:

(A) The greater of (I) the gross sales price of the Property, if the Property is sold, or (II) the market value of the Property, as determined at Borrower's expense by an appraisal from an appraiser satisfactory to Lender, and reasonably satisfactory to Borrower, taking into account any governmental low-income housing restrictions on the Property, and any other restrictions of record permitted by the Loan Documents that will affect the use of the Property, that will continue in effect (a "Market Value Appraisal"), as of the Contingent Interest Payable Date or at the option of the holder of this Note, as of the date of any Event of Default, transfer, or other action based upon which the holder of this Note elects under the terms of the Loan Documents to declare the principal due in full, or the date on which the holder of this note approves a proposed full prepayment of principal, plus, in the case of either (I) or (II), any balances then remaining in the Reserve Accounts and any insurance or condemnation proceeds received and not previously applied to restoration of the Property or to repayment of loans secured by the Property; less

(B) the outstanding balances as of the Contingent Interest Payable Date, including unpaid interest and any applicable prepayment premiums, of any loans previously

approved by Lender that are secured by liens against the Property, including this Loan (but not including Ordinary Interest or Contingent Interest on this Note or any payments on any other loans computed by reference to Property value or sale proceeds); less

(C) the actual reasonable costs of sale (if the Property is sold), including real estate commissions, real property excise tax, escrow fees, recording fees, reasonable attorneys' fees, title insurance premiums, costs of inspections and tests, and the Market Value Appraisal; less

(D) the net amount of cash that Borrower shall have expended on the Property from Borrower's own resources or from loans not secured by liens on the Property (after reduction, but not below zero, by any positive cash flow from the Property during any period to Borrower and to the holders of any such loans). Expenditures on the Property under this subsection (D) must be documented annually to Lender's reasonable satisfaction, no later than March 30 of the year following the expenditure, to be eligible for deduction in determining Net Proceeds. Amounts expended from operating revenues, from general partner, sponsor or managing member loans reflected in the Project Budget, or from any reserve account funded from Project financing or from operating revenues of the Property, shall not be included under this subsection (D) in computing the amount deductible in determining Net Proceeds.

In no event shall "Net Proceeds" be less than zero. For purposes of this subsection (2), if the holder of this Note shall have authorized the reconveyance of a portion of the Property from the lien of the Deed of Trust securing this Note, without acceleration of this Note, then the term "Property" shall mean the portion of the Property still subject to such Deed of Trust after such reconveyance.

(c) Limit on Contingent Interest. Any other provision of this Note notwithstanding, Contingent Interest payable shall not exceed an amount equal to eighteen (18%) interest per annum, compounded annually, on the principal amount of this Note outstanding from time to time, from the date of this Note to the Contingent Interest Payable Date. Attached hereto as Exhibit A, is an illustrative example of a Contingent Interest calculation based on simplifying assumptions. In case of any inconsistency between Exhibit A and the main body of this Note, the terms in the main body of this Note prevail.

6) Default and Acceleration; Late Charges. Any Event of Default as defined in the Loan Agreement shall constitute a default under this Note, and under the Deed of Trust. After any such Event of Default the holder of this Note shall have the right, without notice or demand, to declare all amounts owing hereunder immediately due and payable. Borrower agrees to pay a late charge equal to one percent (1%) of any payment on this Note, or portion thereof, that is more than fifteen (15) days past due, as compensation to the holder of this Note for the burden of late payment collection and disruption of expected cash flow, and not as a penalty. Borrower agrees that such late charge is a reasonable estimate of a fair average compensation for the consequences of the failure of Borrower to make timely payments. Any late charge shall be in addition to interest on amounts past due and all

other remedies, and without prejudice to the right of the holder of this Note to declare an Event of Default under the Loan Documents.

7) Prepayment. This Note may be prepaid in whole or in part at any time without the payment of any prepayment premium or fee, provided Borrower provides Lender assurances, acceptable to Lender, of future compliance with the affordability and occupancy restrictions in the Regulatory Agreement.

8) Costs and Attorneys' Fees. In case Borrower defaults in payment of this Note, Borrower agrees to pay all of Lender's costs of collection, including but not limited to reasonable attorney's fees incurred by Lender or the holder of this Note whether or not suit is instituted. If any legal proceedings are instituted relating to payment of this Note, including without limitation any arbitration, bankruptcy, trial or appellate proceedings, Borrower shall pay the costs, including reasonable attorney's fees of the holder of this Note in all such proceedings. "Reasonable attorneys' fees" shall include the reasonable value of services of in-house counsel.

9) Waivers. Borrower hereby waives presentment and demand for payment, notice of dishonor, protest, notice of protest, and any other notice not specifically required by the Loan Agreement. To the full extent permitted by law, Borrower waives any statutes of limitations with respect to all amounts coming due hereunder.

10) Security. This Note is secured by, among other things, a Deed of Trust covering property situated in King County, Washington, and shall be construed, enforced and otherwise governed by the laws of the State of Washington. The holder of this Note shall not be required to pursue any remedy under the Deed of Trust or any other Loan Documents prior to bringing an action on this Note.

11) Time. Time is of the essence of all of the provisions of this Note.

12) Application of Payments. Any payments received hereunder shall be applied first, to any late charges, costs and fees owing hereunder; next, to accrued interest owing hereunder; next, to any premium due; and the balance, if any, to reduction of principal. If the holder of this Note shall receive any payments, regardless of source, while also holding another promissory note secured by the Property or the Borrower's interest in the Property under which any amount is due, the holder may allocate the payments between such other note and this Note in such manner as the holder may elect in its discretion, any designation by Borrower notwithstanding.

13) Non-recourse. Neither Borrower nor any manager or member of Borrower or of its manager shall have any liability for payment of this Note other than to have the Property and all other collateral under the Deed of Trust or other Loan Documents, and the rents, income and proceeds from such Property and collateral, applied to satisfy the obligations hereunder; provided, however, that Borrower and if Borrower is a partnership other than a limited liability limited partnership, its general partner(s), but none of Borrower's limited partners, shall be liable for damages or deficiencies (including costs and reasonable attorneys' fees) resulting from fraud; waste; material misrepresentation; misappropriation of rents, insurance proceeds, condemnation proceeds, or

reserves; failure to maintain required insurance without advance written notice to Lender; breaches of covenants or warranties relating to hazardous or toxic substances; and costs of compliance with laws, regulations and orders of environmental agencies regarding hazardous or toxic substances. No officer, director, trustee, member or employee of Borrower or of any partner or member of Borrower, or any individual serving in a similar capacity for Borrower or for any partner of Borrower, shall have any liability under this Note.

[Signature on following Page]

NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BORROWER:

1601 YESLER LLC,
a Washington limited liability company

By: Africatown Community Land Trust, a Washington nonprofit corporation,
its Manager

By: _____
K. Wyking Garrett, President

Exhibit A to Promissory Note: Example of Contingent Interest Calculation

This example is provided as an illustration only. For simplicity, this example uses assumptions that differ from the actual amounts in this Note and in the Project Budget.

Assumptions:

- The total amount advanced on this Note is One Million Dollars ($1,000,000.00), all on the date of this Note.
- Ordinary Interest is simple interest at one percent (1%) per annum.
- No payments are made prior to the sale of the Property, and no default interest ever accrues.
- Contingent Interest becomes due when the Property is sold fifty (50) years after the date of this Note.
- The gross sale price, which is the same as the fair market value of the Property, is Fifty Million Dollars ($50,000,000.00).
- The Denominator, as determined above, is Five Million Dollars ($5,000,000.00).
- The deductions in determining Net Proceeds are:
  The total amount of debt that counts under subsection 5(b)(2)(B), including only the principal amount owing on this Note, is then Nine Million Five Hundred Thousand Dollars ($9,500,000.00). The reasonable expenses of the sale are Five Hundred Thousand Dollars ($500,000.00). There were no net expenditures on the Property that count under subsection 5(b)(2)(D).

Computations:

- The Net Proceeds are $50,000,000.00 – ($9,500,000.00 + $500,000.00) = $40,000,000.00.
- Before considering the annual percentage rate limit, Contingent Interest = $1,000,000.00/$5,000,000.00 x $40,000,000.00 = $8,000,000.00.
- Percentage rate limit, subsection 5(c): Interest on $1,000,000.00 at 7% compounded annually for 50 years = $29,457,025.00, which exceeds the Contingent Interest as computed above, $8,000,000.00, so the limit does not apply.
- Ordinary Interest of 50 x 1% x $1,000,000.00 = $500,000.00 is payable.
- Contingent Interest is payable to the extent it exceeds Ordinary Interest, that is, $8,000,000.00 - $500,000.00 = $7,500,000.00.

Amount Due:

Assuming no costs, fees or other amounts are payable, the total due on the Note would then be One Million Dollars ($1,000,000.00) in principal, plus Five Hundred Thousand Dollars ($500,000.00) in Ordinary Interest, plus Seven Million Five Hundred Thousand Dollars ($7,500,000.00) in Contingent Interest, for a total of **Nine Million Dollars ($9,000,000.00)**.